

# House File 2541

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1 3 AN ACT  
1 4 RELATING TO UTILITY REPLACEMENT TAXES BY REDEFINING MAJOR  
1 5 ADDITIONS FOR PURPOSES OF ALLOCATING REPLACEMENT TAXES TO  
1 6 TAXING DISTRICTS, REQUIRING CERTAIN TAXPAYERS TO REPORT  
1 7 ESTIMATED REPLACEMENT TAXES, AND CHANGING OR ESTABLISHING  
1 8 CERTAIN REPORTING DATES AND INCLUDING EFFECTIVE AND RETRO=  
1 9 ACTIVE APPLICABILITY DATE PROVISIONS.  
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1 11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
1 12  
1 13 Section 1. Section 437A.3, subsection 18, Code Supplement  
1 14 2003, is amended to read as follows:  
1 15 18. "Major addition" means ~~any~~ either of the following:  
1 16 a. Any acquisition on or after January 1, 1998, by a  
1 17 taxpayer, by transfer of ownership, self-construction, or  
1 18 capital lease of any interest in any of the following:  
1 19 a- (1) A building in this state where the acquisition cost  
1 20 of all interests acquired exceeds ten million dollars.  
1 21 b- (2) An electric power generating plant where the  
1 22 acquisition cost of all interests acquired exceeds ten million  
1 23 dollars. For purposes of this paragraph, "electric power  
1 24 generating plant" means each nameplate rated electric power  
1 25 generating plant owned solely or jointly by any person or  
1 26 electric power facility financed under the provisions of  
1 27 chapter 28F or 476A in which electrical energy is produced  
1 28 from other forms of energy, including all equipment used in  
1 29 the production of such energy through its step-up transformer.  
1 30 c- (3) Natural gas operating property within a local  
1 31 taxing district where the acquisition cost of all interests  
1 32 acquired exceeds one million dollars.  
1 33 d- (4) Any property described in section 437A.16 in this  
1 34 state acquired by a person not previously subject to taxation  
1 35 under this chapter.  
2 1 b. Any acquisition on or after January 1, 2004, by a  
2 2 taxpayer, by transfer of ownership, self-construction, or  
2 3 capital lease of any interest in electric transmission  
2 4 operating property within a local taxing district where the  
2 5 acquisition cost of all interests acquired exceeds one million  
2 6 dollars.  
2 7 For purposes of this chapter, the acquisition cost of an  
2 8 asset acquired by capital lease is its capitalized value  
2 9 determined under generally accepted accounting principles.  
2 10 Sec. 2. Section 437A.15, subsection 3, paragraph e, Code  
2 11 Supplement 2003, is amended to read as follows:  
2 12 e. Notwithstanding the provisions of this section, if  
2 13 during the tax year a person who was not a taxpayer during the  
2 14 prior tax year acquires a new major addition, as defined in  
2 15 section 437A.3, subsection 18, paragraph ~~"d"~~ "a", subparagraph  
2 16 (4), the replacement tax associated with that major addition  
2 17 shall be allocated, for that tax year, under this section in  
2 18 accordance with the general allocating formula on the basis of  
2 19 the general property tax equivalents established under section  
2 20 437A.15, except that the levy rates established and reported  
2 21 to the department of management on or before June 30 following  
2 22 the tax year in which the major addition was acquired shall be  
2 23 applied to the prorated assessed value of the major addition  
2 24 and provided that section 437A.19, subsection 2, paragraph  
2 25 "b", subparagraph (2), is in any event applicable. For  
2 26 purposes of this paragraph, "prorated assessed value of the  
2 27 major addition" means the assessed value of the major addition  
2 28 as of January 1 of the year following the tax year in which  
2 29 the major addition was acquired multiplied by the percentage  
2 30 derived by dividing the number of months that the major  
2 31 addition existed during the tax year by twelve, counting any  
2 32 portion of a month as a full month.  
2 33 Sec. 3. Section 437A.19, subsection 2, paragraph f,  
2 34 unnumbered paragraph 5, Code Supplement 2003, is amended to  
2 35 read as follows:  
3 1 In addition to reporting the assessed values as described  
3 2 in this subsection, the director, on or before October 31-  
3 3 ~~2003, in the case of January 1, 2003, values, and on or before~~  
3 4 ~~August 31 of each subsequent assessment year, shall also~~  
3 5 report to the department of management and to the auditor of

3 6 each county the taxable value of taxpayer property as of  
3 7 January 1 of such assessment year for each local taxing  
3 8 district. For purposes of this chapter, "taxable value" means  
3 9 the value for all property subject to the replacement tax  
3 10 annually determined by the director, by dividing the estimated  
3 11 annual replacement tax liability for that property by the  
3 12 prior year's consolidated taxing district rate for the taxing  
3 13 district where that property is located, then multiplying the  
3 14 quotient by one thousand. ~~The prior year's replacement tax~~  
~~3 15 amounts for that property shall be used to estimate the~~  
~~3 16 current tax year's taxable value for that property. If~~  
~~3 17 property not subject to any threshold recalculation is~~  
~~3 18 generating replacement tax for the first time, or if a~~  
~~3 19 taxpayer's replacement tax will not be changed by any~~  
~~3 20 threshold recalculation and the taxpayer believes that the~~  
~~3 21 replacement tax will vary more than ten percent from the~~  
~~3 22 previous tax year, the taxpayer shall report to the director~~  
~~3 23 by July 15 of the current calendar year, on forms prescribed~~  
~~3 24 by the director, the estimated replacement tax liability that~~  
~~3 25 will be attributable to that property for the current tax~~  
~~3 26 year. A taxpayer who paid more than five hundred thousand~~  
~~3 27 dollars in replacement tax in the previous tax year or who~~  
~~3 28 believes their replacement tax liability will vary more than~~  
~~3 29 ten percent from the previous tax year shall report to the~~  
~~3 30 director by October 1 of the current calendar year, on forms~~  
~~3 31 prescribed by the director, the estimated replacement tax~~  
~~3 32 liability that will be attributable to all of the taxpayer's~~  
~~3 33 property subject to replacement tax for the current tax year.~~  
~~3 34 The department shall utilize the estimated replacement tax~~  
~~3 35 liability as reported by the taxpayer or the taxpayer's prior~~  
~~4 1 year's replacement tax amounts to estimate the current tax~~  
~~4 2 year's taxable value for that property. Furthermore, a~~  
~~4 3 taxpayer who has a new major addition of operating property~~  
~~4 4 which is put into service for the first time in the current~~  
~~4 5 calendar year shall report to the director by October 1 of the~~  
~~4 6 current calendar year, or at the time the major addition is~~  
~~4 7 put into service, whichever time is later, on forms prescribed~~  
~~4 8 by the director, the cost of the major addition and, if not~~  
~~4 9 previously reported, shall report the estimated replacement~~  
~~4 10 taxes which that asset will generate in the current calendar~~  
~~4 11 year.~~ For the purposes of computing the taxable value of  
4 12 property in a taxing district, the taxing district's share of  
4 13 the estimated replacement tax liability shall be the taxing  
4 14 district's percentage share of the "assessed value allocated  
4 15 by property tax equivalent" multiplied by the total estimated  
4 16 replacement tax. "Assessed value allocated by property tax  
4 17 equivalent" shall be determined by dividing the taxpayer's  
4 18 current year assessed valuation in a taxing district by one  
4 19 thousand, and then multiplying by the prior year's  
4 20 consolidated tax rate.

4 21 Sec. 4. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.  
4 22 This Act, being deemed of immediate importance, takes effect  
4 23 upon enactment and applies retroactively to January 1, 2004.  
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4 27 \_\_\_\_\_  
4 28 CHRISTOPHER C. RANTS  
4 29 Speaker of the House  
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4 31 \_\_\_\_\_  
4 32 JEFFREY M. LAMBERTI  
4 33 President of the Senate  
4 34

4 35 I hereby certify that this bill originated in the House and  
5 1 is known as House File 2541, Eightieth General Assembly.  
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5 5 \_\_\_\_\_  
5 6 MARGARET THOMSON  
5 7 Chief Clerk of the House

5 8 Approved \_\_\_\_\_, 2004  
5 9  
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5 12 THOMAS J. VILSACK  
Governor